

COMMITTEE ON LANDS AND BUILDINGS

April 16, 2002

5:30 PM

Chairman Thibault called the meeting to order.

The Clerk called the roll.

Present: Aldermen Thibault, Pinard, DeVries, Garrity

Absent: Alderman Gatsas

Messrs: Commissioner Martineau, K. Buckley, Deputy Solicitor Arnold

Chairman Thibault addressed Item 3 of the agenda:

Communication from Welfare Commissioner Martineau advising that MNHS, Inc. is negotiating the purchase of the former Uptown Motel presently owned by Notre College utilized as a dormitory (22 room motel-style) called the Brother Andrew House. MNHS, Inc. is proposing to lease the building to the Welfare Department for a period one year beginning July 1, 2002 to be capped at \$190,000. Commissioner Martineau is seeking authorization to enter into an agreement with MNHS, Inc., subject to the review and approval of the City Solicitor.

Alderman Pinard asked Commissioner Martineau to come forward to address this item.

Commissioner Martineau stated the expenditure on that, the \$190,000 is all-inclusive. The facility would also be managed by Manchester Neighborhood Housing and the agreement would include maintenance services, payment of utilities, repairs and upkeep such as alarm fees, snow removals and extermination for the lease period. The other stipulation is that if the actual cost at the end of the lease period is lower than projected because they have to make projections on insurance and different things, that the excess funds would be refunded to the Welfare Department. Now I ran figures here since last July. The expenditures up through mid-April here for hotels and motels is a total of \$372,420. I believe what this will do is allow us a means of placing these families during that period in there and the other thing also is that we will be getting revenue from them and the people who will be getting TANIF, the families, will have to be paying us rent on

these units so this won't be just an expenditure. There will be revenues also. I don't know if there are any particular questions.

Alderman DeVries asked could you just repeat for me the figure you just gave us of \$372,420 and the timeframe on that.

Commissioner Martineau answered that is from last July through mid-April of this year.

Alderman DeVries asked so approximately 10 months.

Commissioner Martineau answered yes and if I go back over there, when I went in in December it was like \$52,172. In January it was \$53,142. In February it went down to \$21,594 and in March \$10,783.

Alderman DeVries asked have you looked at years prior, last year being an unusually heavy year for you as far as Welfare clients.

Commissioner Martineau answered yes I do have figures on that also. In FY01 it was \$153,159. In FY00 it was like \$73,900. Obviously it has been escalating and part of FY02 was a total of \$319,000, which is quite a bit.

Alderman Garrity stated you said you spent \$372,429 in hotel rooms last year.

Commissioner Martineau replied last July through mid-April.

Alderman Garrity asked does that include maintenance of the facility.

Commissioner Martineau answered the agreement...yes the \$192,000 is all-inclusive.

Alderman Garrity asked do you folks have a length of stay policy or something like that. Do people...are they going to be moving in there for eight or ten or twelve months?

Commission Martineau answered hopefully they won't be moving in there for eight or twelve months. It is just a short-term placement.

Alderman Garrity asked so it is just like a motel room basically.

Commissioner Martineau answered right. We want to get them in there and if they are on TANIF where they get Section 8 we want to get them their own apartment and move them out.

Alderman Pinard stated Commissioner you said before that we are going to receive an income. Can you explain to us how you are going to get an income from these people who are on Welfare?

Commissioner Martineau replied the families who are getting TANIF, temporary aid for needy families, they get a shelter allowance. They get X amount of dollars depending on how many children they have or what not. What we do is we charge them rent for being there. It is just like the people who are presently in the motels. We also charge them rent so they end up paying part of that motel cost.

Chairman Thibault asked so you charge them what they can afford to pay. In other words, that amortizes what the real cost is?

Commissioner Martineau answered right.

Alderman DeVries stated I have a few more questions. What you indicated to me is that in FY01 and FY02 you spent less or substantially less than the \$190,000 and you also indicated that the agreement would stipulate that the agreement would stipulate that if the actual cost were less that the Welfare Department would be charged less. That is telling me that if your needs are once again like FY02 at the \$73,000 level that that is all the Welfare Department would be contributing?

Commissioner Martineau replied what I am talking about is any excess...in other words they are going to have to basically meet their mortgage requirement. They are also going to have to provide us with the maintenance fees and they are going to be managing...there will be somebody on the premise there. They are also purchasing the Straw Manor so an individual is going to be saying at the Straw Manor who is going to be managing the motels for us. We are not going to be in the management business. What I am saying is that if the repairs and the heat, let's say the maintenance costs and so forth based on their estimates doesn't reach the amount that they figured in there, they will give us the excess. I don't know if that answers your question.

Alderman DeVries stated maybe I am missing something here. Explain to me if we have another year similar to 2002 where your actual costs came in at \$73,000 how the agreement for \$190,000 is going to be cost-effective to your department.

Commissioner Martineau stated in the year 2000 it was \$76,900.

Alderman DeVries replied you are right not FY02 but FY01.

Commissioner Martineau stated in FY01 it was \$153,000. This year it happens to be double that.

Alderman DeVries asked and in year 2000 it was \$73,900.

Commissioner Martineau stated the other thing is that Kevin Buckley also did an analysis which is attached to the letter that I sent and in there he indicates that if we can keep, I believe, it is a break even that he has in there we would average around 11.63 clients per day in the motel. Now we have other...like the other day there was a gentleman who was on Social Security. He came into our office. The landlord went up on his rent. This is an individual who is having difficulty meeting that. Here is an individual that we could put in there, charge him some rent and tell him to start putting money aside because the other problem here is that at the end of that year we have to make sure that we get those people out of there because it will terminate at the end of June. We want to be able to make sure that people are...we don't turn around and put them actually in motels and hotels. As you have seen so far, we have been able to...presently we have about nine families in hotels and motels and at one time there were like 28. We have been slowly getting them either apartments or whatnot plus the fact that because I have instituted stricter verification and following up on the individuals that are coming in, what we found is that clients or whatever find that they either have friends or family or somebody that can take them in.

Alderman DeVries asked so what you are telling me is that you might have other ways to supplement for cost savings to the \$190,000.

Commissioner Martineau answered that is correct.

Alderman DeVries asked have you done a formal analysis or proposal to see if it is just that one individual or if you, over the course of this past year...

Commissioner Martineau interjected I am just pointing that out. This is one individual. I haven't really gone through all of the different cases we have. It is one of these things...how would I say it. If I am able to do a good job and if we don't hit that peak people can say well why did you buy it. On the other hand if we end up spending like we did this year, they will say well why didn't you buy it. It is one of these cases where we can't...there are a lot of unknowns so to speak but I would rather have the ability to have a place versus not having one because what happens also in the summertime is the rates go up because you have the races up in Loudon and you have the people who come up to see the Autumn leaves and so forth so the rent of the hotels and motels actually increases.

Chairman Thibault stated I can remember last year or the year before where Mrs. Lafond came in and told us that she was paying \$180 for a room to put somebody up for one night because of the races and some of the local traffic that comes into the area at that time. Paul, my question would be what is your feeling as to the way things are right now? You have been there for about two months or whatever. What is your feeling as to where this thing is going? Do you think there is going to be an increase in this? I think Alderman DeVries asked a good question. Where are we going with this? In previous years it was less than \$100,000 and now we are up to \$190,000 that you are asking for. What is your feeling? You are the one that is running that department. I think it would be good for the Committee to hear what your feeling is about this. Do you think it is a good deal for us to get into this?

Commissioner Martineau replied like I said I would prefer to have that out and have that available versus depending on the economy and how things are going and then having to use hotels and motels. Is it going to be \$372,000...I mean this is going to be more. By the time June comes around it is probably going to be over \$400,000. Is it going to be that? Hopefully not. I certainly don't look at it as being that but I certainly would want to keep it at \$190,000 or less.

Chairman Thibault asked are we still using French Hall.

Commissioner Martineau answered French Hall was closed on March 27. We kept French Hall open for 10 weeks and 2 days. We were budgeted \$26,000. We came in at \$14,776 for an expense. It was less than what we were budgeted.

Alderman Pinard asked now that summer time is here does your homeless clientele drop.

Commissioner Martineau asked as far as applicants coming into the office I don't think it drops any. We have been seeing more people. They have been coming in.

Alderman Pinard asked the building in back of the Library which we have been trying to get at, what is the latest on that.

Commissioner Martineau replied Bethel Court, that is the one that I want to come before the Lands & Buildings Committee about because we want to be Section 8 landlords. Just recently Building Services, Barbara Connor from there, went with a gentleman, Bert Davis who is a member of the Manchester Housing Authority, to do an inspection to see if it meets the requirements and there were a few items that had to be done yet before we could actually proceed. I have a punchlist that says repairs to screens, removal of leaves around the building and different odds and ends that have to be done, which they are going to be doing at which time then

I would come before you people to say listen we want to be a Section 8 landlord and rent these apartments so that we can get some revenue from there.

Alderman Garrity stated you stated earlier that at one point you had 28 families in hotels. Is that correct?

Commissioner Martineau replied yes.

Alderman Garrity asked and you are down to how many families.

Commissioner Martineau answered roughly nine.

Alderman Garrity asked where is the cost savings going to come from if you only have nine families in hotels.

Commissioner Martineau answered the break-even point as I indicated was 11.63 families being in the motel. We are a little bit below that right now but it has been fluctuating as far as the number of families and so forth.

Alderman Garrity asked can you give some examples or some reasons why you went from 28 families down to 9.

Commissioner Martineau answered one of the things that is available to us is we have Manchester Emergency Housing, which is the property that the City owns and we can put families...if these families in emergency housing are able to find apartments then we try to find apartments for them or they find apartments and they have Section 8 when they move out we take them out of the motels and we put them into Manchester Emergency Housing. That is one way we have been able to do that. So what we are doing is when they get their apartments or whatnot we move them out of the motels into Manchester Emergency Housing and basically what we do as far as Manchester Emergency Housing is we pay them X amount of dollars per month coming out of our rental line item budget. It is like \$7,100 a month that we pay them and it is exclusively used for our purpose.

Alderman Garrity asked and the \$7,100 per month, is there a limit on how many families you place with them or anything of that nature.

Commissioner Martineau answered we have had up to 10 families in there. Ten families with twenty kids. It has been crowded in there.

Alderman Garrity asked if you have two families go in there with two kids a piece is it still \$7,100.

Commissioner Martineau answered that is correct because what has happened is again this is a non-profit organization that was set-up initially by the Welfare Office and it has been for our exclusive use so what you have to do is basically he has to maintain...Jeff Michelsen is the one that runs the Manchester Emergency Housing and he has to pay the staff and he has to pay the utilities...you know he has expenses that he has to pay and so in essence we are subsidizing him to maintain that but then we have use of it as being able to put families there.

Deputy Clerk Johnson stated I would like to try and give Paul some background support to the Committee as far as MEH goes. That is an emergency shelter facility that was started by the Welfare Department way back in the 1980's. I served that department from around 1985 for a good few years and I ran the department for awhile. I can tell you that that housing facility has rarely got room available, let alone having empty space in there. The Welfare Department utilizes that very heavily. They had that place full on top of hotel rooms being utilized when the Finance Office auditor went in and myself and Leo we did a whole analysis of that back in the fall and as soon as Paul came in he made some changes and that is why you saw the reduction. It was because of some of the internal measures that were taken within the department to try and minimize the effects of the number of people that were coming in and that was one of the reasons you opened French Hall because you had that overflow going on and you actually had a family or two that was sent out there as I recall. I think the use of certainly MEH is not in question at all, the \$7,100 a month. You get your money's worth on that but this other one is a different circumstance and I think that is to address a short-term problem over the next year and it sounds like he has some caps in there and I know Kevin Buckley is here if you have other questions on the analysis that he did.

Alderman Garrity asked so basically the Uptown Motel would be for the overflow. Is that correct?

Commissioner Martineau answered yes obviously. We would place people in that hotel instead of other hotels and motels and also if it was too crowded in Manchester Emergency Housing we would certainly put some people in the motel.

Alderman DeVries stated it is difficult when you are scrutinized because you have done your job too well and you have apparently dropped the numbers significantly to make us question whether the \$190,000 was a good investment for us to make at this point in time so that speaks well for you. I am wondering...it is not that I am not in favor of the proposal I just don't think that I have been given enough information to really feel comfortable that it has been scrutinized and I am wondering if there might be staff or someplace that we need to be sending this for

further scrutiny and reporting back to this Board. Is there a time expediency that you are dealing with?

Commissioner Martineau replied Manchester Neighborhood Housing needs to get a determination because they need to get their financing in place to do this. I know what you are saying and I have the same feeling. In other words what I am saying to you is if we don't do it and we end up spending \$200,000 then we will say well why didn't we have it. If we do get it and it is below, then we will say gee it wasn't worth it. Between you and I, I think I can maintain that break-even point and I can get revenues so it won't be an expense and I would rather have that capacity or availability versus not having it.

Alderman DeVries stated I think that is exactly what I would find helpful is if I had something more definitive to work with as to the other revenues that you think you could produce to offset the \$190,000. One question that comes to mind is if you are not making use of the rooms and you are subsidizing their mortgage at \$190,000, if you are not using the rooms they are available then for our partner in this to rent out?

Commissioner Martineau replied I don't think they are looking at it as a means of renting it out.

Alderman DeVries asked so the rooms would sit vacant.

Commissioner Martineau answered if we have to put somebody let's say in a rooming house or boarding house, in lieu of doing that we can put them in a motel if it is not a family. Different cases come up. Again, I have only been there three months. I don't have a crystal ball but what I am saying is I would rather have that versus not having it at this point in time.

Alderman DeVries asked would you be able to put something together as far as other revenue sources as you suggested.

Commissioner Martineau answered I don't know if I could put something definitive. It is very difficult. We know that we have families that are coming in and we know we are using motel and hotel rooms.

Deputy Clerk Johnson stated I believe that Mr. Buckley can answer some of the questions.

Mr. Buckley stated I would just like to point out that I did an analysis over there and in February...the money that the client's pay right now their average cost of a hotel room in February, which I think is a good month because Paul brought the

amount of clients down to as probably as low as he is going to get it considering the apartment crunch that the City has right now, which is really driving this thing at the moment. In February they were paying like \$44.77 per night per room. The clients were paying the hotel \$4.82 per night per room on average. That \$4.82 per night per room would come back now to the department as revenue. So in February the clients paid the hotel \$7,620, which would have been revenue to the Welfare Department if they had been housing these people themselves, which actually reduces that 11.63 clients per night that they need to break even if you count the revenue and that. When I did the 11.63 I was going strictly on the expenditure side of what it was going to cost you out of your budget without taking into account the revenue. I think...the way things look now unless something changes drastically in either the employment picture or the housing picture then I think the amount of people he has in the hotels will stay about the same throughout the year.

Alderman DeVries asked so you said the month of February they reimburse at the rate of \$7,600.

Mr. Buckley answered yes that is what the hotels got reimbursed.

Alderman DeVries asked and looking at that on a yearly basis does it extend out to somewhere in the range of \$90,000 if they are paying that times 12 months.

Mr. Buckley answered yes \$91,000.

Alderman DeVries stated so we are actually looking at a liability for the City of more like \$100,000 because the \$90,000 directly offsets the investment.

Commissioner Martineau interjected yes.

Alderman Pinard moved to authorize Commissioner Martineau to enter into an agreement with MNHS, Inc. subject to the review and approval of the City Solicitor. Alderman DeVries duly seconded the motion.

Chairman Thibault called for a vote on the motion. The motion carried with Alderman Garrity being duly recorded in opposition.

Commissioner Martineau stated thank you. One of the things...if you notice on my letter I apologize because I didn't think it was going to be able to get to this Committee before it got to the full Board but hopefully you will report to the full Board tonight...

Deputy Clerk Johnson interjected it is going to the full Board tonight.

Chairman Thibault addressed Item 4 of the agenda:

Communication from Attorney John Emery requesting the City allow him time to obtain a license from Probate Court to sell property located at 258 Salmon Street as he has obtained a signed Purchase and Sales Agreement on this property prior to the City disposing through public auction.

Deputy Clerk Johnson stated I believe Atty. Emery is here and I don't know if you want to allow him to speak.

Alderman Garrity stated in just reading through the documents I would like to move to table this so they can work out the logistics and things of that nature.

Chairman Thibault stated they have had this since November. The reason that it is here so late and they are looking for an extension is because they did not approach this at the proper time. I don't know if you want the attorney to speak but we will let him speak. I have no problem with that.

Alderman Pinard asked can I ask for a clarification from Deputy Solicitor Arnold on the document we have in front of us.

Deputy Clerk Johnson stated Joan Porter is here to address this as well just so you know.

Deputy Solicitor Arnold stated this property was taken for non-payment of taxes. It was taken after I believe there was some interaction by Mrs. Porter with a person interested in the property I guess who may be the only beneficiary of the estate. Nothing was done. The property was taken for taxes. At that point, Atty. Emery got involved because he was appointed as administrator of the State. He could explain that process to you. I would note that pursuant to State law, specifically RSA 80:89 that since we have held the property for less than three years between 90 and 120 days, we have to send them a notice allowing them to redeem the property for back taxes and costs and interest. I believe they have 30 days from receiving that notice to essentially redeem the property, i.e. pay the taxes, interest and cost at which point the City would be obligated to deed the property back to the owner and in this case it would be the estate. That is where the process is at right now.

Chairman Thibault asked do you think we should table this pending further review or do you think we should act on it tonight.

Deputy Solicitor Arnold replied if you wanted to table it I guess I don't see it making much of a difference one way or another at this point. If you want to table it in order for me to work with Atty. Emery on the 30 day notice that is going to be required, I could do that.

On motion of Alderman Garrity, duly seconded by Alderman DeVries, it was voted to table this item.

There being no further business, on motion of Alderman Pinard, duly seconded by Alderman Garrity, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee